

A solid yellow right-angled triangle pointing downwards and to the right.

**BLOGS**

Choice of Law

## California Court Enforces Washington Choice of Law Provision

In *1-800-GOT JUNK? LLC v. Superior Court*, 2010 Cal. App. LEXIS 1805 (Cal. App. 2d Dist. Oct. 21, 2010), a California court of appeals decided that a franchisee could enforce a Washington choice of law clause in a California case notwithstanding the anti-waiver provision in the California Franchise Relations Act (CFRA), which voids a contractual stipulation that purports to waive any provision of the CFRA. A California-based franchisee had sued 1-800-Got-Junk, a Delaware company headquartered in Vancouver, Canada, for wrongful termination and argued that the franchise agreement's choice of law provision, specifying the application of Washington State law, applied. 1-800-Got-Junk argued that the choice of law provision was unenforceable because there was no reasonable basis for the application of Washington law. The trial court held that Washington law applied. 1-800-Got-Junk filed a petition for writ directing the trial court to vacate its order and to enter a new order that California law applied.

In denying the petition, the California appellate court ruled that there was a reasonable basis for the inclusion of the Washington choice of law provision in the franchise agreement, finding that a multi-state franchisor had an interest in having its franchise agreements governed by a uniform body of law. Further, it held that given Washington's proximity to 1-800-Got-Junk's headquarters in Vancouver, there was a reasonable basis for the parties' choice of law. The court also found that California public policy did not preclude application of Washington law because, in this instance, Washington law is more protective of franchisees than is California law. Washington law restricted the franchisor to four situations in which it could summarily terminate a franchise without providing notice and an opportunity to cure, while California law provided for immediate termination without the opportunity to cure in the same four situations as well as numerous others. Thus, enforcing the parties' choice of law provision did not require a franchisee to waive compliance with any CFRA provision.